

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Comcast Cable Communications, LLC, on behalf	)	
of its subsidiaries and affiliates	)	MB Docket No. 12-14, CSR 8577-E
	)	
Petition for Determination of Effective	)	
Competition in Three Communities in Maryland	)	

**MEMORANDUM OPINION AND ORDER**

**Adopted: April 26, 2013**

**Released: April 26, 2013**

By the Senior Deputy Chief, Policy Division, Media Bureau:

**I. INTRODUCTION AND BACKGROUND**

1. Comcast Cable Communications, LLC, on behalf of its subsidiaries and affiliates, hereinafter referred to as “Petitioner,” has filed with the Commission a petition pursuant to Sections 76.7, 76.905(b)(2) and 76.907 of the Commission’s rules for a determination that Petitioner is subject to effective competition in those communities listed on Attachment A and hereinafter referred to as the “Communities.” Petitioner alleges that its cable system serving the Communities is subject to effective competition pursuant to Section 623(l)(1)(B) of the Communications Act of 1934, as amended (“Communications Act”),<sup>1</sup> and the Commission’s implementing rules,<sup>2</sup> and is therefore exempt from cable rate regulation in the Communities because of the competing service provided by two direct broadcast satellite (“DBS”) providers, DIRECTV, Inc. (“DIRECTV”), and DISH Network (“DISH”), and Verizon (collectively “the Competing Providers”).<sup>3</sup> The petition is unopposed.

2. In the absence of a demonstration to the contrary, cable systems are presumed not to be subject to effective competition,<sup>4</sup> as that term is defined by Section 623(l) of the Communications Act and Section 76.905 of the Commission’s rules.<sup>5</sup> The cable operator bears the burden of rebutting the presumption that effective competition does not exist with evidence that effective competition is present within the relevant franchise area.<sup>6</sup> For the reasons set forth below, we grant the petition based on our finding that Petitioner is subject to effective competition in the Communities listed on Attachment A.

**II. DISCUSSION**

3. Section 623(l)(1)(B) of the Communications Act provides that a cable operator is subject to effective competition if the franchise area is (a) served by at least two unaffiliated multi-channel video programming distributors (“MVPDs”), each of which offers comparable video programming to at least 50 percent of the households in the franchise area; and (b) the number of households subscribing to

<sup>1</sup> See 47 U.S.C. § 543(l)(1)(B).

<sup>2</sup> 47 C.F.R. § 76.905(b)(2).

<sup>3</sup> Verizon is a competing provider only in the Communities of Aberdeen and Bel Air.

<sup>4</sup> 47 C.F.R. § 76.906.

<sup>5</sup> See 47 U.S.C. § 543(l)(1); 47 C.F.R. § 76.905(b).

<sup>6</sup> See 47 C.F.R. §§ 76.906-.907(b).

programming services offered by MVPDs other than the largest MVPD exceeds 15 percent of the households in the franchise area.<sup>7</sup> This test is referred to as the “competing provider” test.

4. The first prong of this test has three elements: the franchise area must be “served by” at least two unaffiliated MVPDs who offer “comparable programming” to at least “50 percent” of the households in the franchise area.<sup>8</sup> It is undisputed that the Communities are “served by” both DBS providers, DIRECTV and DISH, and that these two MVPD providers are unaffiliated with Petitioner or with each other. A franchise area is considered “served by” an MVPD if that MVPD’s service is both technically and actually available in the franchise area. DBS service is presumed to be technically available due to its nationwide satellite footprint, and presumed to be actually available if households in the franchise area are made reasonably aware of the service’s availability.<sup>9</sup> The Commission has held that a party may use evidence of penetration rates in the franchise area (the second prong of the competing provider test discussed below) coupled with the ubiquity of DBS services to show that consumers are reasonably aware of the availability of DBS service.<sup>10</sup> We further find that Petitioner has provided sufficient evidence to support its assertion that potential customers in the Communities are reasonably aware that they may purchase the service of these MVPD providers.<sup>11</sup> The “comparable programming” element is met if a competing MVPD provider offers at least 12 channels of video programming, including at least one channel of nonbroadcast service programming,<sup>12</sup> and is supported in this petition with copies of channel lineups for both DIRECTV and DISH.<sup>13</sup> Also undisputed is Petitioner’s assertion that both DIRECTV and DISH offer service to at least “50 percent” of the households in the Communities because of their national satellite footprint.<sup>14</sup> Accordingly, we find that the first prong of the competing provider test is satisfied.

5. The second prong of the competing provider test requires that the number of households subscribing to MVPDs, other than the largest MVPD, exceeds 15 percent of the households in a franchise area. Petitioner asserts that it is the largest MVPD in the Communities.<sup>15</sup> Petitioner sought to determine the competing provider penetration in the Communities by purchasing a subscriber tracking report from the Satellite Broadcasting and Communications Association that identified the number of subscribers attributable to the DBS providers within the Communities on a zip code plus four basis.<sup>16</sup> Petitioner obtained subscriber numbers for Verizon directly from that company.<sup>17</sup> Verizon requested that its

<sup>7</sup> 47 U.S.C. § 543(l)(1)(B); *see also* 47 C.F.R. § 76.905(b)(2).

<sup>8</sup> 47 C.F.R. § 76.905(b)(2)(i).

<sup>9</sup> *See* Petition at 3.

<sup>10</sup> *Mediacom Illinois LLC*, 21 FCC Rcd 1175, 1176, ¶ 3 (2006).

<sup>11</sup> 47 C.F.R. § 76.905(e)(2).

<sup>12</sup> *See* 47 C.F.R. § 76.905(g); *see also* Petition at 5.

<sup>13</sup> *See* Petition at Ex. 1.

<sup>14</sup> *See* Petition at 2-3.

<sup>15</sup> *See id.* 8.

<sup>16</sup> Petition at Ex. 6. A zip code plus four analysis allocates DBS subscribers to a franchise area using zip code plus four information that generally reflects franchise area boundaries in a more accurate fashion than standard five digit zip code information.

<sup>17</sup> *See* Petition at 6 n.23; *id.* at Ex. 4. Petitioner has requested that we treat as confidential certain data that was supplied by its competitor Verizon and that shows Verizon activity in some of the Communities. Accordingly, we grant the Petitioner’s request. We believe that by combining Verizon’s subscriber figures in the relevant Communities with the direct broadcast satellite figures provided by the Satellite Broadcasting and Communications Association, we will sufficiently protect the confidentiality of Verizon’s subscriber figures. *See, e.g., CoxCom, Inc.*, 22 FCC Rcd 4384 (MB 2007). We reserve the right, if another party requests access to the confidential data, to

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subscriber numbers be kept confidential. We will accede to that request in this proceeding, omitting mention of any specific subscriber numbers for either Verizon or all the Competing Providers in the Communities where Verizon is a Competing Provider. Petitioner obtained household numbers for the Communities from the 2010 U.S. Census.<sup>18</sup>

6. Based upon the aggregate Competing Provider subscriber penetration levels that Petitioner calculated, we find that Petitioner has demonstrated that the number of households subscribing to programming services offered by MVPDs, other than the largest MVPD, exceeds 15 percent of the households in the Communities.<sup>19</sup> Therefore, the second prong of the competing provider test is satisfied for each of the Communities. Based on the foregoing, we conclude that Petitioner has submitted sufficient evidence demonstrating that both prongs of the competing provider test are satisfied and Petitioner is subject to effective competition in the Communities listed on Attachment A.

### III. ORDERING CLAUSES

7. Accordingly, **IT IS ORDERED** that the petition for a determination of effective competition filed in the captioned proceeding by Comcast Cable Communications, LLC, on behalf of its subsidiaries and affiliates, **IS GRANTED**.

8. **IT IS FURTHER ORDERED** that the certification to regulate basic cable service rates granted to any of the Communities set forth on Attachment A **IS REVOKED**.

9. This action is taken pursuant to delegated authority pursuant to Section 0.283 of the Commission's rules.<sup>20</sup>

FEDERAL COMMUNICATIONS COMMISSION

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engage in a more formal process for their evaluation, protection, and limited disclosure. *See, e.g., Adelphia Commun. Corp.*, 20 FCC Rcd 20073 (MB 2005); *Sprint Petition for Pricing Flexibility for Special Access & Dedicated Transport Services, Protective Order*, 20 FCC Rcd 19882 (WCB 2005).

<sup>18</sup> Petition at Ex. 7.

<sup>19</sup> In Havre de Grace City, the Community where Petitioner alleged only DIRECTV and DISH as competing providers, Petitioner's numbers showed 894 DBS subscribers and 5,258 households, for a Competing Provider subscribership of 17.00%. Petition at Ex. 8.

<sup>20</sup> 47 C.F.R. § 0.283.

## ATTACHMENT A

MB DOCKET NO. 12-14, CSR 8577-E

**COMMUNITIES SERVED BY SUBSIDIARIES AND AFFILIATES  
OF COMCAST CABLE COMMUNICATIONS, LLC**

<b>Communities</b>	<b>CUID</b>	<b>CPR*</b>	<b>2010 Census Households</b>	<b>Estimated Non- Comcast MVPD Subscribers</b>
Aberdeen	MD0049	36.89%	5,801	2,140
Bel Air	MD0050	35.16%	4,491	1,579
Havre de Grace City	MD0051	17.00%	5,258	894**

\*CPR = Percent of competitive penetration rate of both DBS and, where applicable, Verizon.

\*\* = only includes DBS subscribers